

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Interim Balance Sheets (unaudited)

	As at September 30, 2009 \$	As at June 30, 2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	245,269	220,586
Short-term investments	19	11
Amounts receivable	306,553	316,312
Prepaid expenses	4,789	7,704
	<hr/> 556,630	<hr/> 544,613
<b>Long-term investment</b>	11,210	11,431
<b>Mining properties</b> (note 4)	4,239,188	4,126,839
<b>Property, plant and equipment</b> , at cost less accumulated depreciation of \$5,340 (\$5,130 in 2009)	3,552	3,462
<b>Intangible asset</b> , at cost less accumulated amortization of \$12,141 in 2009	-	3,834
	<hr/> 4,810,580	<hr/> 4,690,179
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities		
Related companies	9,281	70,602
Others	96,478	61,632
	<hr/> 105,759	<hr/> 132,234
<b>Future income tax liabilities</b>	339,437	295,437
<b>Debt component of convertible debentures</b> (note 5)	192,941	-
	<hr/> 638,137	<hr/> 427,671
<b>Shareholders' Equity</b>		
<b>Share capital</b> (note 6a)	28,461,877	28,466,147
<b>Warrants</b> (note 6b)	116,391	84,351
<b>Stock options</b> (note 6c)	203,995	218,995
<b>Contributed surplus</b> (notes 6b and c)	1,070,071	1,055,071
<b>Equity component of convertible debentures</b> (note 5)	27,960	-
<b>Deficit</b>	(25,707,869)	(25,562,067)
<b>Accumulated other comprehensive income</b>	18	11
	<hr/> 4,172,443	<hr/> 4,262,508
	<hr/> 4,810,580	<hr/> 4,690,179

**Going concern** (note 2)

**Commitment** (note 9)

(1)

The accompanying notes are an integral part of these financial statements.

**Approved by the Board of Directors**

(signed) Claude St-Jacques \_\_\_\_\_, Director

(signed) Pierre St-Jacques \_\_\_\_\_, Director

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Interim Statements of Deficit and Accumulated Other Comprehensive Income (unaudited)

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<b>Deficit</b>	<b>Three-Month Periods Ended</b>	
	<b>September 30,</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Balance - Beginning of period</b>	25,562,067	23,709,928
Net loss for the period	145,802	94,806
<b>Balance - End of period</b>	<b>25,707,869</b>	<b>23,804,734</b>

<b>Accumulated other comprehensive income</b>	<b>Three-Month Periods Ended</b>	
	<b>September 30,</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Balance - Beginning of period</b>	11	3,600
Variation in the fair value of short-term investments, net of related income taxes of \$1 (\$90 in 2008)	7	(488)
<b>Balance - End of period</b>	<b>18</b>	<b>3,112</b>

Total deficit and accumulated other comprehensive income amount to \$25,707,851 and \$23,801,622 as at September 30, 2009 and 2008, respectively.

The accompanying notes are an integral part of these financial statements.

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Interim Statements of Earnings (unaudited)

	Three-Month Periods Ended	
	September 30,	
	2009	2008
	\$	\$
<b>Revenues</b>		
Royalties	31,778	35,828
Interest	-	3,665
	<u>31,778</u>	<u>39,493</u>
<b>Expenses</b>		
Salaries and fringe benefits	20,436	29,672
Professional and maintenance fees	54,472	20,711
Management fees	6,250	6,250
Rent and office expenses	18,473	26,525
Advertising and promotion	119	8,229
Loss on writeoff of an intangible asset	3,834	-
Travelling	3,410	4,102
Search for mining properties	9	1,293
Interest and bank charges	232	242
Interest on convertible debentures	7,905	-
Depreciation of property, plant and equipment	210	287
Amortization of intangible asset	-	411
Part XII.6 tax	14,812	2,510
Cost of mining properties abandoned or written off	3,199	-
	<u>133,359</u>	<u>100,232</u>
<b>Loss before future income taxes and share in the significantly-influenced company's net loss</b>	(101,581)	(60,739)
<b>Future income taxes</b>	(44,000)	(28,885)
	<u>(145,581)</u>	<u>(89,624)</u>
<b>Loss before share in the significantly-influenced company's net loss</b>	(145,581)	(89,624)
<b>Share in the significantly-influenced company's net loss</b>	(221)	(5,182)
	<u>(145,802)</u>	<u>(94,806)</u>
<b>Net loss for the period</b>	(145,802)	(94,806)
<b>Basic and diluted net loss per share (note 7)</b>	(0.002)	(0.001)

The accompanying notes are an integral part of these financial statements.

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Interim Statements of Comprehensive Loss (unaudited)

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<b>Comprehensive loss</b>	<b>Three-Month Periods Ended</b>	
	<b>September 30,</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Net loss for the period</b>	(145,802)	(94,806)
<b>Other comprehensive loss</b>		
Unrealized gain (loss) on available-for-sale investments, net of related income taxes of \$1 (\$90 in 2008)	11	(488)
	<u>11</u>	<u>(488)</u>
<b>Comprehensive loss for the period</b>	<u>(145,791)</u>	<u>(95,294)</u>

The accompanying notes are an integral part of these financial statements.

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Interim Statements of Cash Flows (unaudited)

	Three-Month Periods Ended September 30,	
	2009	2008
	\$	\$
<b>Cash flows from operating activities</b>		
Net loss for the period	(145,802)	(94,806)
Items not affecting cash and cash equivalents		
Interest on convertible debentures	2,942	-
Depreciation of property, plant and equipment	210	287
Amortization of intangible asset	-	411
Loss on writeoff of the intangible asset	3,834	-
Future income taxes	44,000	28,885
Share in the significantly-influenced company's net loss	221	5,182
Cost of mining properties abandoned or written off	3,199	-
	<u>(91,398)</u>	<u>(60,041)</u>
Net change in non-cash working capital items		
Amounts receivable	14,989	56,549
Prepaid expenses	2,915	14,302
Accounts payable and accrued liabilities	8,445	61,165
	<u>26,349</u>	<u>132,016</u>
	<u>(65,049)</u>	<u>71,975</u>
<b>Cash flows from financing activities</b>		
Convertible debentures	250,000	-
Change in share capital issued for cash, net of share issue expenses	(4,270)	-
	<u>245,730</u>	<u>-</u>
<b>Cash flows from investing activities</b>		
Variation in credit on duties refundable for loss and refundable tax credit receivable for resources applied against mining properties	-	(177)
Additions to mining properties	(155,698)	(403,635)
Additions to property, plant and equipment	(300)	(675)
	<u>(155,998)</u>	<u>(404,487)</u>
<b>Variation in cash and cash equivalents</b>	24,683	(332,512)
<b>Cash and cash equivalents - Beginning of period</b>	220,586	814,529
<b>Cash and cash equivalents - End of period</b>	<u>245,269</u>	<u>482,017</u>
<b>Additional information</b>		
Interest cashed	-	6,511
Acquisition of mining properties included in accounts payable and accrued liabilities	24,080	53,791
Credit on duties refundable for loss related to exploration costs applied against mining properties	5,230	49,221

The accompanying notes are an integral part of these financial statements.

# **Société d'Exploration Minière Vior Inc.**

(an exploration company)

Notes to Interim Financial Statements (unaudited)

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## **1 Interim Financial Information**

The financial information as at September 30, 2009 and for the three-month periods ended September 30, 2009 and 2008 is unaudited. However, in the opinion of management, all adjustments necessary to fairly present the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim operating results may not necessarily be indicative of operating results anticipated for the year.

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and use the same accounting policies and methods used in the preparation of Société d'Exploration Minière Vior Inc., (the "Company")'s most recent annual financial statements, except for the new accounting standards, described below in note 3. All disclosures required for annual financial statements have not been included in these financial statements. These unaudited interim financial statements should therefore be read in conjunction with the most recent audited annual financial statements.

## **2 Going Concern**

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. The application of generally accepted accounting principles on a going concern basis may be inappropriate, since there is a significant doubt as to the validity of the going concern assumption. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and balance sheet classifications that would be necessary were the going concern assumption considered inappropriate. These adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

## **3 New Accounting Standards**

### **Accounting changes**

On July 1, 2009, the Company adopted a new accounting standard issued by the Canadian Institute of Chartered Accountants ("CICA") relating to goodwill and intangible assets.

### **Goodwill and intangible assets**

In February 2008, the CICA issued Section 3064, " Goodwill and intangible assets ", replacing Section 3062, " Goodwill and other intangible assets " and Section 3450, " Research and development costs ". Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standard for its fiscal year beginning July 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

The adoption of this new standard have no impact on the Company's financial statements, except for the write-off of the web site development.

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Interim Financial Statements (unaudited)

## 4 Mining Properties

	# claims	Undivided interest %	Balance as at July 1, 2009 \$	Costs incurred \$	Mining properties abandoned or written off, credit on duties refundable for loss and refundable tax credit for resources \$	Balance as at September 30, 2009 \$
Douay	71					
Mining property		100	23,730	513	-	24,243
Exploration costs			1,714,791	36,678	-	1,751,469
			<u>1,738,521</u>	<u>37,191</u>	<u>-</u>	<u>1,775,712</u>
Douay Ouest	7					
Mining property		100	497,462	1,592	-	499,054
Exploration costs			1,700,305	67,355	(5,230)	1,762,430
			<u>2,197,767</u>	<u>68,947</u>	<u>(5,230)</u>	<u>2,261,484</u>
Douay Est	81					
Mining property		100	8,800	520	-	9,320
Exploration costs			21,073	-	-	21,073
			<u>29,873</u>	<u>520</u>	<u>-</u>	<u>30,393</u>
Others						
Mining properties		-	44,404	5,481	-	49,885
Exploration costs			116,274	8,639	(3,199)	121,714
			<u>160,678</u>	<u>14,120</u>	<u>(3,199)</u>	<u>171,599</u>
			<u>4,126,839</u>	<u>120,778</u>	<u>(8,429)</u>	<u>4,239,188</u>

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Interim Financial Statements (unaudited)

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## Change in mining properties

	\$
<b>Balance - Beginning of period</b>	<u>4,126,839</u>
Expenses incurred during the period	
Claims and permits	8,106
Geology	41,444
Transport	4,904
Salaries	63,109
Accommodation	2,885
Analyses	<u>330</u>
	120,778
Mining properties abandoned or written off	(3,199)
Credit on duties refundable for loss and refundable tax credit for resources	<u>(5,230)</u>
	<u>112,349</u>
<b>Balance - End of the period</b>	<u><u>4,239,188</u></u>

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Interim Financial Statements (unaudited)

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## 5 Convertible Debentures

On July 17, 2009, the Company proceeded with the issue of a \$100,000 debenture convertible, at the option of the holder, in common shares of the Company at the price of \$0.10 per share until July 17, 2012. The debenture bears interest at the annual rate of 12% and is payable every six months, at the Company's choice either in cash or in common shares. The debenture includes 1,000,000 common share purchase warrants giving the holder the right to purchase one common share of the Company at the price of \$0.12 for the first 12 months following the closing and at the price of \$0.13 for the remaining 12 months.

On August 12, 2009, the Company proceeded with the issue of a \$150,000 debenture convertible at the option of the holder in common shares of the Company at the price of \$0.10 per share until August 12, 2012. The debenture bears interest at the annual rate of 12% and is payable every six months at the Company's choice either in cash or in common shares. The debenture includes 1,500,000 common share purchase warrants giving the holder the right to purchase one common share of the Company at the price of \$0.12 for the first 12 months following the closing and at the price of \$0.13 for the remaining 12 months.

These debentures are accounted for in accordance with their substance and are presented in the financial statements in their component parts, measured at their respective fair values at the time of issue. The liability component has been calculated at the present value of the required principal and interest payments discounted at a rate approximating the interest rate that would have been applicable to non-convertible debt at the time the debenture was issued.

	Liability component	Equity component	Total
	\$	\$	\$
Value at the time of issue	190,000	27,960	217,960
Accretion of the value of the liability component	2,941	-	2,941
	192,941	27,960	220,901

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Interim Financial Statements (unaudited)

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## 6 Equity Components

### a) Share capital

Authorized

Unlimited number of common shares, without par value

Issued and fully paid

Variation of share capital

	<b>Number</b>	<b>Amount</b> \$
Balance - Beginning of period	84,432,882	28,466,147
Share issue expenses:	-	(4,270)
	<hr/>	<hr/>
Balance - End of period	84,432,882	28,461,877
	<hr/>	<hr/>

### b) Warrants

	<b>Number</b>	<b>Weighted</b> <b>average</b> <b>exercise price</b> \$
Outstanding and exercisable - Beginning of period	3,565,513	0.20
Granted	2,500,000	0.13
	<hr/>	<hr/>
Outstanding and exercisable - End of period	6,065,513	0.15
	<hr/>	<hr/>

# Société d'Exploration Minière Vior Inc.

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Notes to Interim Financial Statements (unaudited)

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The following table summarizes the maturity dates of outstanding and exercisable warrants:

500,000 warrants at \$0.25 mature in December 2009;  
1,190,763 warrants at \$0.30 mature in December 2009;  
624,750 warrants at \$0.10 mature in March 2010 and at \$0.15 mature in March 2011;  
1,250,000 warrants at \$0.10 mature in June 2010 and at \$0.13 mature in June 2011,  
1,000,000 warrants at \$0.12 mature in July 2010 and at \$0.13 mature in July 2011,  
1,500,000 warrants at \$0.12 mature in August 2010 and at \$0.13 mature in August 2011,

The fair value of warrants was estimated using the Black & Scholes valuation model with the following assumptions:

Risk-free interest rate	0.925%
Expected volatility	118%
Dividend yield	Nil
Expected life	1.5 year
Fair value of warrants granted	\$0.028

## c) Stock option plan

The Company maintains a stock option plan under which certain key employees, managers, directors, consultants, service providers and investor relation service providers may be granted stock options for shares of the Company. A maximum of 4,686,262 stock options (4,686,262 in 2009) may be granted (maximum of 5% of the number of common shares outstanding in favour of key employees, managers, directors and consultants, and maximum of 2% of the number of common shares outstanding in favour of investor relations service providers).

Options granted expire after a maximum of five years following the date of grant, ten years following this date for options granted before July 1, 2003. There is no vesting period, except for 250,000 options granted to a consultant during the year ended June 30, 2009, which will be vested after the completion of a bulk sample on the Douay Ouest project.

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Interim Financial Statements (unaudited)

The following tables present the stock option activity since July 1, 2009 and summarize information about fixed stock options outstanding and exercisable as at September 30, 2009:

	<b>Number</b>	<b>Weighted average exercise price \$</b>				
Outstanding- Beginning of period	3,695,000	0.13				
Matured *	(120,000)	0.15				
Outstanding - End of period	<u>3,575,000</u>	<u>0.13</u>				
Exercisable - End of period	<u>3,325,000</u>	<u>0.13</u>				
<b>Exercise prices</b>	<b>Options outstanding as at September 30, 2009</b>		<b>Weighted average remaining contractual life (years)</b>	<b>Weighted average exercise price</b>	<b>Options currently exercisable</b>	<b>Weighted average exercise price</b>
Between \$0.10 and \$0.20	3,400,000		3.44	0.13	3,150,000	0.13
Between \$0.255 and \$0.265	175,000		2.33	0.26	175,000	0.26

During the period, 120,000 stock options matured. The fair value of these matured stock options amount to \$15,000 and has been recorded under caption "Contributed surplus".

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Interim Financial Statements (unaudited)

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## 7 Loss per Share

For the three-month periods ended September 30, 2009 and 2008, the diluted net loss per share was the same as the basic net loss per share. Accordingly, the diluted net loss per share for those periods was calculated using the basic weighted average number of shares outstanding (84,432,882 in 2009 and 80,254,578 in 2008).

	2009	2008
Basic weighted average number of shares outstanding	84,432,882	80,254,578
Diluted weighted average number of shares outstanding	<u>84,432,882</u>	<u>80,254,578</u>

Items excluded from the calculation of diluted net loss per share because the exercise price was greater than the average market price of the common shares

Stock options	3,575,000	2,900,000
Warrants	6,065,513	12,846,292
Unit options	-	895,555

## 8 Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mining properties. Given that the Company is in the mineral exploration business, the Board of Directors does not establish quantitative return on capital criteria for its management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers the items included in shareholders' equity as capital.

# Soci t  d'Exploration Mini re Vior Inc.

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Notes to Interim Financial Statements (unaudited)

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## 9 Commitment

The Company has agreed to incur canadian exploration expenses of \$150,000 by December 31, 2010, and to transfer these tax expenditures to the subscribers of its flow-through share underwriting completed in March 2009. As at September 30, 2009, the Company has incurred total expenses of \$130,968 in this regard.

## 10 Financial Instruments

### Classification

The classification of financial instruments is summarized as follows:

					Carrying value	Fair value
	Held for trading	Available for sale	Loans and receivables	Other than held-for-trading liabilities	Total	Total
	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>						
Cash and cash equivalent	245,269	-	-	-	245,269	245,269
Short-term investments	-	19	-	-	19	19
Amounts receivable (1)	-	-	38,469	-	38,469	38,469
	<u>245,269</u>	<u>19</u>	<u>38,469</u>	<u>-</u>	<u>283,757</u>	<u>283,757</u>
<b>Financial Liabilities</b>						
Accounts payable and accrued liabilities	-	-	-	105,759	105,759	105,759
Debt component of convertible debentures	-	-	-	192,941	192,941	192,941
	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,700</u>	<u>298,700</u>	<u>298,700</u>

(1) Do not include tax credit and mining right on mining exploration and commodity taxes receivable.

# **Société d'Exploration Minière Vior Inc.**

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Notes to Interim Financial Statements (unaudited)

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Amounts receivable and accounts payable and accrued liabilities are financial instruments whose carrying value approximates their fair value due to their short-term maturity. Cash and cash equivalents are valued at fair value.

The fair value of available-for-sale short-term investments is established using the bid price on the most beneficial active market for these instruments that is readily available to the company. When a bid price is not available, the Company uses the closing price of the most recent transaction on such instrument.

The liability component of the convertible debentures is classified as other than held-for-trading liabilities and is measured at fair value on initial recognition with subsequent measurement at amortized cost using the effective rate method.

## **Risk Factors**

### **Credit Risk**

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Financial instruments included in amounts receivable consist of interest and royalties. The credit risk related to these amounts receivable is due to the partners' possible inability to settle their debts. Management believes that the credit risk with respect to financial instruments included in accounts receivable is remote and that the credit risk related to royalties is minimal, as the Company signed an agreement with a major mining company. The credit risk on cash and cash equivalents is limited because the counterparties are chartered Canadian banks and their subsidiaries.

### **Liquidity Risk**

Liquidity risk is the risk that a company may be unable to fulfill its financial obligations related to financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidities to meet liabilities when due. As at September 30, 2009, the Company had a cash balance of \$226,237 (\$482,017 as at September 2008) to settle current liabilities of \$105,759 (\$177,046 as at September 2008). The level of liquidities will increase in the second quarter of 2010 by cashing amounts receivable. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, currency risk and other price risks such as equity risk.

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## *Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuate due to changes to market interest rates. The Company's current policy is to invest excess cash principally in term-deposit and/or in interest-bearing accounts of Canadian banks and their subsidiaries.

For the period ended September 30, 2009, a  $\pm 1\%$  change in bank balance rates would not have had any serious impact on the income statement and comprehensive income.

As at September 30, 2009, the Company's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents	Variable interest rate
Short-term investments	Non-interest-bearing
Amounts receivable	Non-interest-bearing
Accounts payable and accrued liabilities	Non-interest-bearing
Debt component of convertible debentures	12% interest rate

## *Foreign Exchange Risk*

The Company's functional currency is the Canadian dollar and most of purchases are made in this currency. As a result, the Company's exposure to foreign exchange risk is minimal.

## *Equity Risk*

Equity risk is the risk that the fair value of a financial instrument varies due to equity market changes.

## **11 Subsequent Events**

On October 8, 2009, the Company completed a \$300,000 flow-through private placement that consists of 2,400,000 shares of the Company at the price of \$0.125 per share along with 600,000 share purchase warrants giving the holder the right to subscribe to one common share of the Company at the price of \$0.18 per share for an 18-month period from the closing date. Further to the financing, the Company undertook not to issue flow-through shares below \$0.125 without the prior consent of the main subscriber, effective until December 31, 2009.

On November 1, 2009, the Company signed a rental lease for its administrative office with a company held by a director. The rental lease has a term of five years starting on November 1, 2009 and ending on October 31, 2014. The annual cost is \$16,800 and will be subject to an annual raise according to the consumer price index, with a minimum of 2%.

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On November 17, 2009, the Company closed a \$150,000 flow-through private financing that consists of 1,153,946 shares of the Company at the price of \$0.13 per share.